MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2019/2020

BSM3104 – STRATEGIC MANAGEMENT

(All sections / Groups)

14 OCTOBER 2019
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of THREE (3) pages, excluding the cover page.
2. There are **THREE (3)** questions in Section A, and **THREE (3)** questions in Section B. Attempt **ALL** questions. The distribution of marks for each question is as given.
3. Please write all your answers in the Answer Booklet provided.

SECTION A: CASE STUDY (40 MARKS)

Instruction: Read the case carefully and answer ALL THREE (3) questions at the end of the case. Your answers should not be limited to the content of the case.

MR.DIY in aggressive expansion mode but keeps mum on IPO plan

KUALA LUMPUR: MR.DIY Group (M) Sdn Bhd, Malaysia's largest home improvement retailer, is planning to increase the number of local stores to a few hundred more in the near future, part of the company's aggressive expansion strategy. However, the company keeps mum on how it plans to fund the growth. Managing director Adrian Ong said it planned to continue the growth pace after having already opened 100 stores annually in the past three years.

"We plan to open 100 stores every year. We feel that we should continue with this pace, at least for the foreseeable future," he told reporters at the launch of its 500th store here today.
in July with its first store in Melbourne and recently appointed a master franchisee in India with the target of opening 200 outlets within five years. He declined to answer any question pertaining to the firm's initial public offering (IPO) or other fundraising plan.

MR.DIY, which opened its 500th and largest flagship concept store to date, was reportedly looking at Malaysia's equity market for capital, in a deal that could turn it into one of the country's biggest by market capitalisation. A report revealed that MR.DIY was planning to launch an IPO either in Malaysia or Hong Kong in the fourth quarter of this year to support its domestic operation growth. Via the listing, it aimed to raise RM1.5 billion and seek a market value of about RM10 billion.

The potential listing of MR.DIY by year end could mark the first return of mega IPO to Bursa Malaysia since Lotte Chemical Titan Holding Bhd's and Eco World International Bhd's first share-sales back in 2017. However, with the local bourse stuttering, losing billions in market capitalisation and outflow of foreign funds, the likelihood of the IPO happening soon may be slim. There were only two listings on Bursa's Main Market last year, Mi Equipment Holdings Bhd and Techbond Group Bhd which raised a total RM231 million. Based on Reuters data, despite having 22 listings in total across all three markets on the exchange last year compared with 13 listings in the preceding year, the funds raised were significantly lower than US$1.8 billion raised in 2017.

After opening its 500th store in 1 Utama Shopping Centre, Ong said MR.DIY plans to open 10 more next month, with one being in Hartamas Shopping Centre. The store in 1 Utama offers customers a wide variety of products and premium shopping experience within a spacious 18,0005 sq ft site. Ong said the milestone store was significant for MR.DIY's growth as Malaysia's leading home improvement brand.

MR.DIY is a home-grown enterprise with over 750 stores throughout Asia Pacific. It has more than 8,000 employees serving more than 180 million customers yearly at all MR. DIY stores throughout the region. Other than Malaysia, it has also expanded its operations to Thailand, Brunei, Indonesia, Philippines, and Singapore.

Source: Rasid. A. M. (2019, June 21). MR.DIY in aggressive expansion mode but keeps mum on IPO plan. *New Straits Times*, Retrieved from https://www.nst.com.my/business/2019/06/498038/mrdiy-aggressive-expansion-mode-keeps-mum-ipo-plan

Continued...

a) The internal assessment process involves analyzing the strengths and weaknesses of the organization. Explain in detail any **FIVE (5)** strengths and **FIVE (5)** weaknesses of MR DIY.

(20 marks)

b) Using the points discussed in the previous question, prepare an Internal Factor Evaluation (IFE) matrix for MR DIY by using the template in the following page. Calculate and discuss the meaning of the Total Weighted Score of the IFE matrix.

(15 marks)

Key Internal Factors		**Weight**	**Rating**	**Weighted Score**
Strengths				
1.		**0.20**	**4**	
2.		**0.20**	**4**	
3.		**0.18**	**3**	
4.		**0.15**	**3**	
5.		**0.05**	**3**	
Weaknesses				
1.		**0.10**	**2**	
2.		**0.05**	**2**	
3.		**0.03**	**1**	
4.		**0.02**	**1**	
5.		**0.02**	**1**	
Total		**1.00**		

c) Recommend a new strategy that can be implemented by MR DIY. Provide a detailed explanation on how the strategy can be implemented.

(5 marks)

[Total: 40 marks]

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SECTION B: ESSAY/STRUCTURED QUESTIONS (60 MARKS)
Instruction: Answer ALL THREE (3) questions.

QUESTION 1
Prepare a Boston Consulting Group (BCG) matrix for Kentucky Fried Chicken (KFC) and describe each category in detail by including examples of the company's products. Recommend suitable strategies for each category.

[Total: 20 marks]

QUESTION 2
(a) Define the term 'competitive advantage' and include an example.

(2 marks)

(b) Based on the mission statement below, identify the NINE (9) components that are covered in the mission statement and the corresponding statement/keyword that reflects the component *(Name of component - Keyword/statement)*.

> Our mission is to design, produce, and distribute the world's best fragrances, perfumes, and personal care products to women, men, and children by utilizing the latest technological improvements. We empower our highly creative team of researchers to develop safe, eco-friendly products that will enable our firm to profitably grow through thousands of retail outlets. We strive to be one of the most socially responsible firms on the planet and appreciate our employees making that happen, while following the "golden rule" in all that we do.

(18 marks)
[Total: 20 marks]

QUESTION 3
(a) As the newly appointed Chief Strategy Officer of MAXima Berhad, you are planning to implement various changes at operational and strategic level of the company. However, you are noticing a strong resistance from people within the company. Explain in detail any FIVE (5) techniques to reduce resistance to change by including relevant examples.

(15 marks)

(b) Discuss the differences between the business cultures of China and India.

(5 marks)

[Total: 20 marks]

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